



Tax Incentives

Urban and Industrial Site Reinvestment Tax Credit Program

Dollar-for-dollar corporate tax credit of up to 100% for an investment up to a maximum of \$100 million in an urban area or an industrial project; minimum investment is \$5 million in distressed communities and \$50 million in all other communities

Corporate Business Tax Credits

A corporate business tax credit for companies that hire at least 10 new employees for a minimum of a 12-month period; the tax credit can be up to 60% of the state income tax withheld from the employee's wage and the credit applies for five consecutive years

A \$1,500 per worker corporate tax credit to companies that hire workers who were employed in Connecticut and were let go by a previous employer as result of a corporate restructuring in which at least 10 workers were terminated by the same employer; credit is allowed during the first twelve months of the worker's re-employment

A tax credit equal to 30% of qualified digital media and motion picture production, pre-production and post-production expenses in the state that exceed \$50,000

5% credit for fixed capital investment in tangible personal property

5% credit for investments in human capital: employee training, childcare, facilities and subsidies and donation to higher education for advancement of technology

10% credit for increased investment in machinery and equipment for companies with 250 or fewer full-time permanent employees in CT;
5% credit for companies with 251 to 800 full-time permanent employees in CT

From 1-6% of R&D expenditures based on the amount of such expenditures and size of company

20% of the R&D expenditures in CT in the current income year exceeding R&D expenditures of the prior taxable year

Unused R&D credits can be carried forward and, for companies with gross income of \$70 million or less, can be sold to the state for 65% of their value

Credit equal to 100% of property taxes owed and paid on electronic data processing hardware peripheral equipment and software; credit may be applied against certain other CT taxes

25% credit for any increase in grants to institutions of higher learning for R&D related to technology advancement over the average grants provided during the preceding 3 years

100% credit for SBA loan guarantee fees paid by companies with less than \$5 million in gross receipts

Financial institutions constructing new facilities and adding new employees can receive a credit of as much as 50% of the tax for up to 10 years; may be extended for an additional 5 years; based on size of the facility and level of employment

Corporate Business Tax Exemptions

All insurance companies, Connecticut incorporated and non-Connecticut incorporated

Corporate income, insurance premium and sales and use taxes for certain banks, insurers and investment companies locating in the Hartford Financial Service Export Zone that conduct all business with non-U.S. persons

Capital gains from the sale of protected open space or Class I or II water company land to the state or certain entities

Non-U.S. corporations of which their sole activities in CT are trading stocks, securities or commodities of their own account



Corporate Sales Tax Exemptions

100% on (a) machinery used in the manufacturing of finished products or in the bio-technology industry and (b) materials, tools and fuel used in the manufacture or fabrication of finished products or in the bio-technology industry; 50% on machinery, tools, fuels and equipment that may not meet the requirement for the 100% exemption

100% on computer and data processing services beginning July 1, 2002; declining 1% annually from current 3%

100% on repair, replacement and component parts for manufacturing machinery

100% on calibration services, registration and compliance services related to ISO 9000 and personnel training services offered by colleges or universities

100% on vehicles powered by alternative fuels, vehicle conversion equipment and alternative fuel filling-station equipment

100% on fuel and electric power used in manufacturing or to heat a manufacturing facility provided that 75% usage test is met

100% of the cost of services related to creating and maintaining a web site

100% of the cost of aircraft, repair, parts and services on aircraft exceeding 6,000-lbs. maximum take off weight

100% on safety apparel worn by employees

100% on goods purchased inside or outside Connecticut for use outside Connecticut providing all conditions are met

Real & Personal Property Tax Exemptions

Up to 100% for 5 years on newly acquired and installed manufacturing machinery and equipment eligible for 5-7 year depreciation

The local property tax on manufacturing machinery and equipment in Connecticut will be phased out at a rate of 20% per year over the five-year period from 2007 to 2011

100% for inventories

30-100% from the increase assessment for personal property for manufacturers and 20-50% for eligible real property improvements can be offered by towns for 2-7 years, depending on the investment amount

100% for unbundled software, machinery & equipment that will be exempt under 12-81 (72) once installed and used

100% for 5 years on new commercial motor vehicles weighing over 26,000 lbs. that are used to transport freight for hire and all new commercial vehicles weighing over 55,000 lbs.

Targeted Investment Community (TIC) Benefits

5-year, 80% real property and personal property tax abatements for manufacturers. 5-year, 40-80% real property and personal property abatements for service, telecommunications and computer related providers, depending on amount invested

5-year, 50-80% tax abatements for personal property when part of a process technology upgrade, depending on the asset acquired

Manufacturers or firms conducting R&D related to manufacturing and newly constructed distribution facilities may be eligible to receive a state corporate business tax credit of 25% for 10 years

Corporate business tax credit ranging from 15-50% for 10 years is available to certain selected service, telecommunications and computer-related facilities based upon the number of jobs created

Additional TIC Benefits

Within Enterprise Zones or within areas of certain non-TIC municipalities designed for Enterprise Zone Benefits

Manufacturers and certain service firms may obtain a 50% corporate business tax credit for 10 years; must meet specific hiring thresholds and investment requirements

Enterprise Corridor Zone Benefits

Selected communities bordering Route 8 and I-395 are eligible for full Enterprise Zone level benefits